

FISCAL IMPACT STATEMENT ON BILL NO. **S815**

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TO:	The Honorable John E. Courson, Chairman, Senate Education Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Trey Kannaday and Ken Brown		
DATE:	January 16, 2008	SBD:	2008001

AUTHOR:	Senator Courson	PRIMARY CODE CITE:	59-35-310
SUBJECT:	Full Day Four-Year-Old Kindergarten		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

BILL SUMMARY:

Senate Bill 815 would create the Child Development Four-Year-Old Education Program. During FY 2007-08, the program must be made available by approved providers to “At Risk” four-year-olds, with priority to those programs funded in FY 2006-07, and then to districts based on percentages of at-risk children. The Bill specifies that by FY 2012-2013 funding must be sufficient to serve all at-risk four-year-old children who apply.

EXPLANATION OF IMPACT:

There is a fiscal impact associated with numerous sections of the Bill. There are approximately 58,000 four-year-olds statewide and 37,860 of those children meet the definition of “At-Risk” as defined in the Bill. According to Head Start, approximately 6,306 of these children are already served by Head Start programs. Cost estimates below, unless otherwise noted, are based on serving all 31,554 “At-Risk” children not served by Head Start. **However, the level of funding for the program is at the General Assembly’s discretion.** It is assumed that, of these 31,554 children, one-third (10,413) would be served by First Steps and two-thirds (21,141) would be served by SDE. It is further assumed that 60 percent (12,685) of the children served by SDE would receive school bus transportation services.

Section 59-35-330

Costs associated with conducting the evaluation is estimated at \$398,700. This section states that beginning with FY 2007-08 the EOC may receive funds to support the collection and continuous evaluation of data. Recurring funds of \$398,000 have been appropriated for this purpose. No additional funding is needed.

Section 59-35-440

This section requires the agencies involved to establish an ongoing public information campaign. On-going public information campaign costs are estimated at \$500,000 annually.

Section 59-35-360

Among other things, providers must maintain individual student records including assessment and health data. SDE estimates the cost of supporting a statewide on-line system at \$15 per child. Therefore, the costs associated with this requirement are estimated at \$473,310. DSS indicates the costs to providers for a license lasting two years is \$125 for each facility. There are 634 elementary schools in the state. The number of private providers that may participate is unknown but could be as many as 600. Therefore, total cost to providers for DSS licensing could be estimated at \$154,250.

Section 59-35-390

Providers must also have all instructional personnel participate in at least seven and one-half hours per semester or fifteen hours annually of professional development. Assuming there are 3,156 instructional staff in 1,578 classrooms (20 students per classroom) the cost can be estimated at \$946,800 based on professional development cost of \$300 per instructor.

Section 59-35-400

Providers must integrate a parenting education program which, according to SDE, averages approximately \$2,000 per child. Assuming enrollment of 31,554 students the total cost can be estimated at \$63,108,000.

Section 59-35-320

Assuming enrollment of 31,554 students the total cost can be estimated at \$129,150,522 based on a funding rate of \$4,093 per child (for FY 2008-09). This cost would increase annually based on the EFA inflation factor.

Transportation

The Bill does not address transportation costs or provide for a per child transportation allowance. However, all students attending public schools are traditionally afforded transportation services. Assuming 60% of the 21,141 students (12,685) would ride the school bus, it can be estimated that 200 additional buses will need to be purchased (12,685/65 students per bus). Each bus costs approximately \$72,000 for an estimated non-recurring cost of \$14,400,000. In addition, operational costs per year can be estimated at \$2,184,000 assuming each bus travels 15,600 miles annually and direct operating cost are \$.70 per mile. However, this assumes no additional mechanical staff would be added as a result of expansion of the fleet.

Facilities

Enactment of this Bill creates the need for additional classroom space within the public education system. Construction costs for a new classroom are estimated to be \$250,000 while a portable costs \$75,000. Based on an average class size of twenty students and taking into account the 3,900 children already served, districts would need to add approximately 862 classrooms (21,141 student in the K-12 system minus 3,900 already served divided by 20 children per classroom). Therefore, capital costs associated with this Bill could be estimated at between \$64,650,000 and \$215,500,000. In addition, estimated one-time classroom set-up costs are estimated at \$10,000 per classroom. Facilities cost could be considered a state and/or a local school district expense.

Administration

SDE's administration cost is estimated at \$415,360 which includes salary and fringe benefits for six additional staff. First Steps administration costs are estimated at \$460,500 which includes salary and fringe benefits for five additional staff plus other operating expenses. The Department of Social Services indicates that this Bill would require additional General Funds of the State totaling \$431,552. The recurring costs of \$425,522 include eight FTEs and \$129,800 in other operating expenses and a one-time operating expense cost of \$6,000. There are approximately 460 programs in public schools that would be required to meet licensing criteria per DSS.

Recapitulation

Based on the assumptions noted above, the total estimated recurring cost, excluding facilities is \$175,985,586 if all 31,554 "At Risk" four-year old children applied for admission. The total non-recurring cost, excluding facilities is \$14,406,000. Funding a four-year-old children kindergarten program in the State will release \$21,832,678 in EIA funds currently appropriated for the same purpose. The cost for facilities could be funded at the General Assembly's discretion with non-recurring State funds, local district funds, or a combination of the two.

S.815 Summary
Assuming 31,554 Four-Year-Olds Served

	<u>Recurring</u>	<u>Non- Recurring</u>	<u>Total</u>
Administration-All Agencies	1,301,382	6,000	1,307,382
On-Going Public Information Campaign	500,000	0	500,000
Student Records - Assessment Data, etc.	473,310	0	473,310
DSS Licensing - Provider Cost	154,250	0	154,250
Professional Development	946,800	0	946,800
Parenting Education	63,108,000	0	63,108,000
Per Child Funding - \$4,093	129,150,522	0	129,150,522
Transportation - Additional Buses	0	14,400,000	14,400,000
Transportation - Operating Costs	<u>2,184,000</u>	<u>0</u>	<u>2,184,000</u>
Subtotal	197,818,264	14,406,000	212,224,264
Existing EIA 4-K Program	<u>(21,832,678)</u>	<u>0</u>	<u>(21,832,678)</u>
Net Cost - Excluding Facilities	\$175,985,586	\$14,406,000	\$190,391,586

Facilities Cost Estimates - State and/or School Districts (Non-Recurring)

Classrooms - High (Construction)	215,500,000
Classrooms - Low (Portables)	64,650,000
Classroom Set-up	8,620,000
Total Facilities - HIGH	\$224,120,000
Total Facilities - LOW	\$73,270,000

SPECIAL NOTES:

None.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Harry Bell
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